

Managing Change or Managing Impressions: Social Responsibility, Washing, and Ethics at Nestlé

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Abstract. Organizational sustainability and ethics research has explored the influence of both corporate social responsibility (CSR) and “washing” (greenwashing or social washing) on stakeholders. However, specific impacts on employees remain understudied. Examination of employee experiences of organizational CSR or washing behaviors reveals that responses may be complex. The case of Nestlé’s past and recent patterns of corporate social irresponsibility (CSIR), resultant CSR initiatives, and “washing” behaviors supply an opportunity for students to consider the potential future outcomes of these efforts and associated impacts on employees. A teaching note inviting students to consider the broader topics of CSR, washing, and potential employee impacts from the perspective of management or employees integrates this case into discussions of broader organization-employee relationships.

Keywords: corporate social responsibility, corporate social irresponsibility, CSI, CSIR, CSR, greenwashing, washing, ethics, employee perceptions.

I. Introduction

Nestlé, headquartered in Vevey, Switzerland, is a multinational corporation known for producing baby foods, instant coffees, teas, and chocolates. Founded in 1866, Nestlé initially focused on condensed milk and infant formulas. Over time, it expanded, becoming an industry leader in various food and beverage categories. Nestlé has encountered significant criticism over the years despite its tagline, “Good Food, Good Life”. Since the 1970s, the company has been involved in several CSIR (corporate social irresponsibility) and ethics scandals, including allegations of promotion of baby formula in developing countries, the

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extraction and depletion of indigenous communities' water supplies, and facilitation of child slave labor in its cocoa supply chain. In 2022, Nestlé responded to the most recent allegations through development of a CSR (corporate social responsibility) initiative focused on its Income Accelerator Program and a recommitment to control of its cocoa supply chain. While Nestlé has hailed this program as a successful demonstration of its commitment to sustainable and ethical operations, critics maintain that the positive aspects of the organization's CSR program are grossly inflated and largely an example of "washing" behavior. This case study explores the relationships between CSIR, CSR, and washing behaviors using the context of the organizational actions of Nestlé.

II. CSR and CSIR Background

Although public awareness of CSR has increased in the past few decades, the concept of CSR is not new. The evolution of CSR reflects developments in the relationship between the public and corporations over time, and the continual renegotiation of this social contract. A modern concept of CSR emerged during the 1950s, as rapid urbanization and industrialization underscored the perception that increasingly powerful corporations should bear some responsibility for their impacts on society (Bowen, 1953). This perspective evolved as the social movements and protests of the 1960s and 1970s highlighted the significant impacts of corporations on surrounding environmental and social conditions. In addition to avoiding harmful practices, the public increasingly expected organizations to make positive contributions to society beyond the limited scope of provision of goods and services (Committee for Economic Development, 1971). These expectations expanded to encompass a number of facets of corporate behavior, including the consideration of "environmental pollution, employment discrimination, consumer abuses, employee health and safety, quality of work life, deterioration of urban life, and questionable/abusive practices of multinational corporations" (Carroll, 2008 p. 36). Institutionalization of CSR would only be strengthened by the rise of multinational corporations over the next few decades; adoption of CSR could not only mitigate the increased risk of visibility and exposure on a global stage, but could open new paths to compete in a larger market (Carroll, 2015). Further interest in CSR as a business strategy would yield numerous studies supporting the link between implementation of CSR and positive firm performance (Burke & Logsdon, 1996). Ultimately, the scope of CSR was expanded to include a broader set of stakeholders, reflecting consumer preferences and business strategies: "Corporate social responsibility (CSR) refers to the obligations of the firm to its stakeholders – people affected by corporate policies and practices. These obligations go beyond legal requirements and the firm's duties to its shareholders. Fulfillment of these obligations is